



DEPARTMENT OF THE ARMY

U.S. Army Corps of Engineers
WASHINGTON, D.C. 20314-1000

REPLY TO
ATTENTION OF:

CERM-B/CERM-F (37-1)

JUN 12 2003

MEMORANDUM FOR Commanders and Directors, USACE Commands

SUBJECT: Revised Policy for Capitalization Threshold for
Property, Plant and Equipment (PP&E) Assets

1. References:

- a. Public Law 108-7, "Consolidated Appropriations Resolution" (Division M, Section 106), dated 20 Feb 03.
- b. DFAS-AHDA-IS message 120719Z, Subject: Change in Expense/Investment Threshold does not Change Property/Accounting Capitalization Threshold, dated 14 Apr 03.
- c. Engineer Regulation (ER) 37-1-29, Financial Management of Capital Investments, dated 30 Nov 02.
- d. ER 37-2-10, Accounting and Reporting Civil Works Activities (being superseded by ER 37-1-30, Financial Administration - Accounting and Reporting).

2. The purpose of this memorandum is to provide guidance on the change to the investment threshold for PP&E assets acquired in support of the Corps of Engineers military and civil missions.

3. Referenced 1a amended the FY03 Department of Defense (DoD) Appropriation Act to increase the expense/investment threshold from \$100,000 to \$250,000 for military PP&E assets. However, referenced 1b clarified the DoD guidance that the financial accounting of PP&E will remain at the existing \$100,000 threshold. The revised threshold amounts have been changed in the appropriate Corps of Engineers Financial Management System (CEFMS) tables.

4. The expense/investment threshold for procuring all Military and Civil Works PP&E assets is raised from \$100,000 to \$250,000 and from \$25,000 to \$250,000 respectively. Civil Works multiple purpose (Hydro-Power) project PP&E assets are excluded. The Corps will continue to comply with the guidelines established by Federal Energy Regulatory Commission at \$25,000 threshold for multiple purpose projects as well as for financial capitalization of civil personal property purposes. Also, Civil Works real property continues to be capitalized regardless of monetary value.

JUN 12 2003

CERM-B/CERM-F (37-1)

SUBJECT: Revised Policy for Capitalization Threshold for
Property, Plant and Equipment (PP&E) Assets

5. There will be no change in recovery period on Revolving Fund (RF), Plant Replacement and Improvement Program (PRIP), assets. In addition, plant increment will continue until final payoff of remaining book value for PP&E assets below the \$250,000 replacement costs.

6. The guidance is effective for Military PP&E assets as referenced above and Civil Works PP&E assets excluding RF, PRIP that are acquired after 1 Oct 03. Depending upon affordability, Commands and Activities have the option of modifying their FY04 PRIP Investment Program to implement this change. Otherwise the effective date for RF, PRIP is 1 Oct 04. This memorandum will remain in effect until a formal change to reference Engineer Regulations above gets published. For questions or comments, please contact Marilyn White (CERM-B) at 202-761-8965 or Mike Walsh (CERM-F) at 202-761-5440.

FOR THE COMMANDER:



STEPHEN COAKLEY

Director of Resource Management